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Message Text

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ACTION COME-00

INFO OCT-01 EA-07 EB-08 ISO-00 AID-05 CIAE-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 /055 W
----------270813Z 061264 /14
R 270418Z JAN 77
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 1756

C O N F I D E N T I A L SEOUL 0718

EO 11652: GDS
TAGS: BEXT KS
SUBJ: KOREAN ELECTRONIC SWITCHING SYSTEM

REF: 76 SEOUL 9408

BEGIN UNCLASSIFIED:

1. THE ROKG HAS DECIDED TO ESTABLISH A $30 MILLION GOVERNMENT-RUN COMPANY FOR THE ASSEMBLY OF AN ELECTRONIC SWITCHING SYSTEM FOR KOREA. THE TECHNOLOGY WILL BE PURCHASED FROM ONE OF FIVE FOREIGN SUPPLIERS, PRESENTLY TENDERING, AND THE COMPANY WILL PURCHASE COMPONENTS FROM LOCAL COMPANIES, POSSIBLY JOINT VENTURES.

2. THE ROKG PLANS TO DEVELOP A SPACE DIVISION MULTIPLEX SWITCHING SYSTEM WITH TECHNICAL ASSISTANCE FROM A FOREIGN FIRM RATHER THAN THROUGH ESTABLISHMENT OF A JOINT VENTURE OR AN EXISTING LOCAL FIRM. THE COMPETING FOREIGN FIRMS ARE INTERNATIONAL TELEPHONE AND TELEGRAPH AND GENERAL TELEPHONE AND ELECTRONICS OF THE U.S, SIEMENS OF WEST GERMANY, AND NIPPON ELECTRIC COMPANY AND FUJI TSU COMPANY OF JAPAN.

3. THE ROK MINISTRY OF COMMUNICATIONS WILL CREATE A
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RESEARCH ORGANIZATION TO BE NAMED KOREA ELECTRONICS COMMUNICATIONS INSTITUTE. THIS INSTITUTE, TO BE OPERATIONAL BY JUNE, WILL ADVISE THE GOVERNMENT RUN COMPANY ON CHOOSING A SOURCE FOR TECHNOLOGY AND WILL ACT AS AN INTERMEDIARY BETWEEN COMPONENT SUPPLIERS AND THE GOVERNMENT-RUN ASSEMBLY COMPANY.

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4. THE MINISTRY OF COMMERCE AND INDUSTRY WAS ASKED BY KOREAN COMPANIES TO TENDER FOR THE PRODUCTION OF 13 COMPONENTS. JOINT VENTURES AS WELL AS TECHNICAL ASSISTANCE AGREEMENTS WILL BE ALLOWED FOR COMPONENT MANUFACTURE. IN JOINT VENTURES KOREAN EQUITY MUST BE AT LEAST 50 PERCENT AND ALL PLANTS MUST BE BUILT BY OCTOBER, 1978. SUCCESSFUL APPLICANTS WILL BE ELIGIBLE FOR ROKG FINANCIAL AND TECHNICAL SUPPORT. COMPONENTS TO BE PRODUCED ARE LISTED BELOW:

ITEM	UNIT	ANNUAL DEMAND 1980	1982	1984
		1,000,000		
SEMICONDUCTORS (BIPOLAR DIGITAL PCS. IC, MOS DIGITIAL IC, BIPOLAR IC, MOS IC MEMORY, TRANSISTORS, RECTIFIERS, ETC.)		2	5	8
COMPUTORS (CENTRAL PROCESSING UNITS & CONTROL UNITS)	1 SET	55	86	116
COMPUTOR ACCESSORIES (CRT DISPLAYS, PRINTING EQUIPMENT, OPERATOR'S CONSOLES, ETC.)	1 SET	55	86	116
GLASS SEALED DEVICES (REEDS, MERCURY RELAYS, VACUUM ARRESTERS, ETC.)	1 MIL. PCS	9	26	47
PCB BASES	1,000 M/2	4	11	20
PCB'S	"	4	11	20
CONNECTORS	1,00 PCS	225	565	1,172
CAPACITORS				
CERAMIC CAPACITORS	1,000 PCS	45	132	234
FILM/MP CAPACITORS	1,000 PCS	300	800	1,560
ALUMINUM CAPACITORS	1,000 PCS	150	440	780

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RESISTORS				
CARBON COMPOSITOR RESISTORS	1,000 PCS	450	1,320	2,340
WIRE WOUND RESISTORS	1,000 PCS	450	1,320	2,340
HYBRID IC'S	1,000 PCS	8	22	39
COIL RELAYS	1,000 PCS	300	880	1,560
OTHER COILS	1,000 PCS	150	440	780
TELEPHONE TERMINALS	1,000 PCS	280	430	580

END UNCLASSIFIED

5. BEGIN CONFIDENTIAL: A WELL INFORMED EPB OFFICIAL TOLD THE ECON COUNSELOR THAT EXISTING FIRMS MAY NOT FIND IT ECONOMIC TO PRODUCE SINGLE ITEMS ON THE LAST. THEY MAY, THEREFORE, OFFER TO PRODUCE GROUPS OF ITEMS OR THE ORKG MAY DECIDE TO IMPORT FROM ABROAD.

6. THE SAME OFFICIAL STATED THERE WERE TWO REASONS THE ROKG CHOSE THE PRESENT COMPLEX ARRANGEMENTS. THE ROKG WISHED TO AVOID: (A)TYING ITSELF TO A SINGLE JOINT VENTURE WHICH WOULD TRY TO PREVENT THE ADOPTION OF A

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BETTER SUBSEQUENT SYSTEM, AS THE GOLDSTAR -- SIEMENS'S
JOINT VENTURE -- SUCCEED IN DOING WHEN IT
PREVENTED THE ADOPTION OF CROSS BAR SWITCHING SINCE
1969 AND ELECTRONIC SWITCHING SINCE 1972, AND (B) THE
WHEELING AND DEALING OF THE COMPANIES WHICH HAS PUT
GREAT PRESSURE ON INDIVIDUAL ROKG OFFICIALS, UP TO A
REPORTED THREAT TO ONE MAN'S LIFE. END CONFIDENTIAL

7. BEGIN UNCLASSIFED: THE FIVE FOREIGN COMPANIES
HAVE UNTIL FEBRUARY 19 TO PROVIDE A LONG LIST OF
ADDITIONAL DATA AND TO AGREE TO ROKG LICENSING TERMS.
THE ROKG THEN EXPECTS TO ELIMINATE ALL BUT TWO SUPPLIERS
AND TO MAKE A FINAL CHOICE AND AWARD BY
AUGUST 15. PRODUCTION IS TO BEGIN BY EARLY 1979.
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Disposition Approved on Date:
Disposition Case Number: n/a
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SAS ID: 3484323
Secure: OPEN
Status: NATIVE
Subject: KOREAN ELECTRONIC SWITCHING SYSTEM
TAGS: BEXP, KS
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/15bb38d0-c288-dd11-92da-001cc4696bcc
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